

OTI DAI-SWIFT PROJECT

QUARTERLY PERFORMANCE REPORT

For the period July 1--September 30, 2000

The DAI SWIFT project began with the September 30, 1998 signing of *Task Order Contract AOT-I-01-98-00199-00* between USAID-Office of Transition Initiatives (OTI) and Development Alternatives Inc. (DAI). Since the initial Task Order there have been nine subsequent modifications. The current DAI-SWIFT contract runs through December 31, 2000.

I. PROJECT DESCRIPTION

A. Background

The economic crisis in Indonesia in 1997 and the resultant political and social upheavals in 1998 made it evident that fundamental governance problems lay at the root of these serious problems. However, a general atmosphere of willingness by the Indonesians to reform political systems also arose, and USAID decided to support and enhance this opportunity for meaningful, peaceful reform via an OTI project.

The OTI undertaking in Indonesia was launched in mid-1998. Its overall objective is to provide impartial and useful assistance and information to Indonesians so that informed decisions regarding the processes of political change can be made. The initial focus, up through the July 1999 general election, sponsored NGOs and other organizations in election-related activities, so that the election could be as democratic and successful as possible. After that major event was over, OTI developed a new portfolio, defining the post-election assistance, which contained the following five sectors:

- Promoting responsible media
- Civic education
- Conflict prevention and reconciliation
- Socialization of the election results
- Anti-corruption/transparency/good governance

In the plenary team-building session held in January 2000, it was decided that each regional office should emphasize those sectors and programs that are the most relevant for their areas or constituents. But one type of program that proved successful and relevant in all the project areas was that of parliament watch/training. It was also decided in that session that OTI should now concentrate its efforts on the areas of critical turmoil in the archipelago (such as Maluku, Aceh, Irian Jaya, West Timor, and Central Sulawesi). Thus

the project is now sponsoring off-Java activities in these geographical areas, and anywhere else that urgently needs the project's assistance in the future.

Political events also changed the configuration of the project. The September 1999 referendum in East Timor, the cataclysmic aftermath to the referendum and Indonesia's subsequent jurisdictional release of that province caused OTI to early on provide assistance to the devastated new country. A regional office was opened up in Dili, East Timor in December 1999, and it has been fully staffed and operational since early 2000.

The "Joint Understanding on Humanitarian Pause for Aceh" signed by the Indonesian government and the separatist fighting faction in the war-torn province of Aceh (which took effect in early June 2000) presented the opportunity for OTI to achieve meaningful work there. Therefore, a 2-person sub-regional OTI office was opened up in Banda Aceh in mid-May 2000. Initial grants were implemented, but security reasons later in the current quarter forced the programs in that province to be curtailed or suspended. OTI will return with support for this critical area of Indonesia when security factors allow.

B. DAI SWIFT Project Funding

The current provision of contract funds for the DAI SWIFT project is as follows:

TABLE 1

| DAI SWIFT CONTRACT FUNDING (US \$) | | |
|---|------------------------------|------------------------------|
| <u>Contract Document</u> | <u>Effective Date</u> | <u>Budgeted Funds</u> |
| Task Order #1 | Sept. 30, 1998 | 2,514,925 |
| Modification 1 | Oct. 26, 1998 | 36,585 |
| Modification 2 | Jan. 14, 1999 | 729,245 |
| Modification 3 | Feb. 1, 1999 | 2,919,280 |
| Modification 4 | May 25, 1999 | 4,955,813 |
| Modification 5 | Sept. 27, 1999 | 2,142,428 |
| Modification 6 | February 4, 2000 | 8,970,213 |
| Modification 8 | June 22, 2000 | 15,000,001 |
| Total Ceiling Price | | \$37,268,490 |

Modification #9 was signed on 1 September 2000 and added \$2,377,000 of incremental obligated funds to the project. The total amount of obligated funds is now \$32,675,276.

II. PROJECT OPERATIONS

The highlights of the overall operations of this reporting period will be described first in this section, followed by descriptions of the operations in the individual regional offices of DAI SWIFT.

A. Overall Operations

1. Information systems

The DAI Jakarta technician in early July successfully converted the LAN system at the East Timor regional office over to the existing UN systems. This renders the East Timor LAN system more efficient and cheaper to operate.

The “Technical Assistance Management Information System” (TAMIS) that was tailor-made for DAI SWIFT also has been working well and provides useful instantaneous project data. A portion of one of the many available views of the TAMIS system is presented as Appendix I; this particular view lists each DAI SWIFT grantee (inclusive of East Timor grants) through the end of September 2000, and the date and amounts of the approved grants.

2. Conferences

There were no large-scale project conferences held during this period. The next one scheduled is a Programming Conference to be held on 30 October 2000.

3. Short-term project support

DAI SWIFT and OTI continued to benefit from very good home office support. These included:

- Chris O'Donnell (2 August -- 3 September) -- OTI-DC officer provided monitoring and advice to the East Timor project

- Robin Cleveland (7-9 August) -- Senate Ways and Means Committee member who reviewed the programs in Medan and Banda Aceh
- Matthew Reynolds (9-11 August) -- House International Relations Committee member who reviewed the programs in Medan and Banda Aceh
- Diana Ohlbaum (22 August – 2 September) -- OTI Deputy Director reviewed the programs in Indonesia and East Timor
- Bruce Spake (27 August – 30 September) – DAI Project Manager helped manage the East Timor DAI-SWIFT operations while the Regional Program Manager was on leave
- Jean Durette (11-23 September) – Center for Development of Information and Evaluation officer who evaluated the impact of OTI grants
- Glenn Slocum (11-23 September) – Center for Development of Information and Evaluation officer who evaluated the impact of OTI grants

4. Expansion into Aceh

The sub-regional office that had been established in Banda Aceh operated throughout the period, with the main management and programming guidance emanating from the Medan regional office. In addition, Dr. Bruce Harker was mobilized and based in Jakarta in early July to perform a three-month assignment as special consultant for Aceh and other areas of critical turmoil in Indonesia. Midway through the quarter, it was decided to put major effort and funds into a community development project in the districts of North Aceh and Pidie. It was also planned to set up a sub-regional office in Lhokseumawe, North Aceh to facilitate this project. The program was fully planned out, but then could not be implemented due to the heightened conflict and dangerous circumstances there. The sub-regional office could not be established either. The future political and security situation in this troubled province will determine whether OTI can continue to effectively work there.

5. 60-Day Extension

On 28 September 2000 the Contracting Officer approved the request of DAI to continue operations for 60 days after the current SWIFT contract has expired (on 31 December 2000). After an analysis of the usage of remaining operating funds by DAI, it was evident that there would be sufficient funds to operate for that 60 day extension period without an

infusion of new funds. The main benefit of this extension is that it allows DAI to sign MOUs for activities up to 1 March 2001.

6. Budget for 2001

With the likelihood that the OTI-SWIFT project would be extended in some form for the entire 2001 calendar year, an operations budget for that extension was prepared and submitted to OTI-Washington in late September. An analysis of remaining funds from the current budget was also executed, and was factored into the operational funding needs for 2001.

7. Financial Performance

The financial data from official invoicing for the project is only available up through August 2000, because of the usual lag in invoicing. As seen in Appendix II, a total of 53% of the total DAI SWIFT budget of \$37,268,490 has been spent and invoiced through the end of August 2000. Of that, 53% of the grants budget has been invoiced, compared to 59% of the Indonesia operations budget and 45% of the East Timor operations budget. The costs for the East Timor operations rose especially during August, when it reached \$448,653. The monthly costs for the Indonesia operations decreased to an average of \$199,000 in July and August, compared to the average of \$230,000 per month during the previous half year. The data shows a relatively low ratio of operations costs to grants invoiced (6,251,643/13,399,452) of 1: 2.1.

B. Jakarta Regional Office Operations

Dr. Bruce Harker began a three-month assignment as special consultant for Aceh on 1 July. Subsequently, his contract was extended until 31 October 2000. Patty Friedman, the Country Program Manager, completed her assignment on 31 July 2000. The only other change in the Jakarta operations was the leasing of additional office space, in preparation for expansion for this year and the next. Additional space of 36.6 sq. m. of office space (on the same floor and adjacent to the present office) was leased for three months beginning on 18 September.

As seen in Appendices III, IV and V, to date the Jakarta regional office has awarded a total of 180 grants with a value of \$7,229,958 as of the end of the reporting period. Of this amount, \$5,007,349 has been duly disbursed, or 69% of total grants awarded.

C. Medan Regional Office Operations

The only staffing change during this quarter was the addition of Mr. Oren Murphy on a two-month assignment as an Aceh Program/Liaison Officer. The Banda Aceh sub-regional office is still managed by the Medan team.

Ten new grants were signed during the quarter, bringing the total number of MOUs to 92, with a total value of \$2,161,142 (refer Appendices III and IV). Total grant disbursements have reached \$1,486,127 or 69% of total grants approved, as per Appendix V.

D. Surabaya Regional Office Operations

During the past quarter, SWIFT-Surabaya Program Secretary Riris Fitadiana resigned from the program to take up a new post with another organization. Her position was filled by Sri Utami Ernawati, the former Program Secretary. The rotating management of the office by Jerry Becker, Erika Kirwen and Laurie Pierce continued throughout the quarter with all but two weeks of the quarter covered. Minor adjustments to the rotational duties were made but, on balance, the rotation appears to be working well.

The decision was also taken during the past quarter to downsize the Surabaya office to one with a strictly programmatic orientation at the beginning of 2001. Thus, all program implementation will be transferred to the Jakarta office. The handover of grants implementation will begin on November 15 and will carry on through the end of the year. The two incumbent Program Development Specialists will be retained under this new design. In addition, there will likely be a Program Secretary, Office/Finance Manager/Budget Assessor and a driver to support the downsized operation.

There was a theft of internal computer hardware from the Program Secretary's and Office Assistant's work stations during this past quarter. Investigations were undertaken but the hardware was never recovered. Alternative arrangements for computer support were made to accommodate the loss. In addition, the Surabaya laptop was returned from Jakarta due to the departure from the program of Patty Friedman, who had been using the machine. Regular briefings with consular staff continue on a weekly basis. In addition, the Consulate now receives the weekly activity schedules and HOT TOPICS reports on a regular basis.

At the end of the reporting period a total of 97 grants valued at \$1,979,618 had been awarded (refer Appendices III and IV). Disbursement of the grants has reached \$1,432,832 (refer Appendix V) or 72% of the total grants awarded.

E. East Timor Regional Office Operations

There were many changes in operations during the quarter, especially in terms of personnel. Neil Mozer completed his assignment as Deputy Regional Program Manager

in mid-July. On August 25, Mr. Bryn Johnson replaced him in that position. Other new personnel during the quarter consisted of : three new Assistant Program Managers, one Grants Manager, one Administrative Coordinator, one new security guard and one new logistician. Two logisticians were dismissed from their duties and one security guard resigned.

Other important improvements/events during the quarter were:

- The Codan radio system was checked and verified to be working. A new antenna for improved reception was also installed.
- The garage space was improved, and lighting installed.
- Good container storage space was also located; we can now use AFS's lot free of charge if we use their services.
- The Motor Pool and Vehicle Driving Policy was finalized and implemented.
- The monthly timesheet was revised, and the Annual/Sick Leave Slip Policy instituted.
- The Personnel Policies and Procedures Manual was revised, with minor changes being made to reflect current conditions.
- Dave Wallace, the UPAK procurement specialist in Darwin, Australia, made a site visit to better understand the needs of the project.
- Half-day work on Saturdays policy was established on 23 September 2000.
- Bidding on an additional Hilux pickup truck was initiated due to project requirements.
- East Timor International time moved ahead by one hour on 17 September 2000.

The pace of grant production again greatly increased, with a total of 38 MOUs being signed during the period (refer Appendix III), bringing total MOUs to 135. The value of the total signed MOUs reached \$7,011,153 (refer Appendix IV). Total disbursements also were very high, at \$5,331,381 (refer Appendix V), and represent 76% of total grants awarded.

III. GRANT ACTIVITIES

All three of the regional offices in Indonesia experienced slight downturns in production, but the 47 total MOUs produced was still very respectable compared to the near record production of 53 the previous quarter. However, the total value of the grants produced (\$1,058,243) in the quarter decreased by about half compared to the previous quarter. Implementation in the Indonesian regional offices, however, increased slightly during the quarter to a level of \$1,183,895 of disbursements.

In East Timor, the continuance of the TEP project caused a great upsurge in grant production again, and total grants awarded reached 135, with a value of \$7,011,153 (refer

Appendices III and IV). This is almost as much as the total value of the Jakarta regional office. However, total East Timor grant disbursements have already eclipsed the total disbursement for the Jakarta regional office (refer Appendix V).

This brought the total number of grants for the entire SWIFT project to 504 as of the end of the quarter, and the total value of grants awarded has reached \$18,381,871 (refer Appendices III and IV). The total disbursement of \$13,257,690 (refer Appendix V) represents 72% of the total value of grants awarded, an 11% increase over the last quarter.

A. Jakarta Grant Activities

Production of grants in the Jakarta regional office decreased by 4 during the quarter, from 28 to 24 (refer Appendix III). The average total value of each grant, as seen in Appendix IV declined even more sharply, as the \$500,778 value of grants produced during the quarter was only 37% of the value of grants produced in the previous quarter. But implementation of the grants was still very robust, with an increase of over \$144,000 in grant disbursements compared to the previous quarter (refer Appendix V).

During this quarter, the Jakarta office concentrated its efforts in two important areas. OTI began working intensively in North and Central Sulawesi, to assist non-governmental organizations and local media in promoting peace and reconciliation in those areas. In addition, there was a focus on working with organizations in Jakarta which were addressing critical national-level issues such as the formation of an Indonesian Truth and Reconciliation Commission, a National Dialogue for Interethnic/Interfaith conflict resolution, and an international conference on the relationship between the military and business.

Activities in North and Central Sulawesi

Following the violence which occurred in Central Sulawesi in April and May of this year, OTI realized that it should assist to prevent future violence from breaking out. After several trips to North and Central Sulawesi, OTI decided to concentrate its efforts on activities that promote peace, reconciliation, and dialogue, as well as efforts that support unbiased journalism. Because of the precariousness of the situation in Sulawesi, OTI wanted these activities to be implemented and monitored out of the Jakarta office. During this quarter, at least seven different grants were approved for activities in North and Central Sulawesi. Several of these grantees were radio stations, including Radio Bulava, Radio Montini, and Radio SRJ. Radio Bulava was the only station broadcasting in Poso, Central Sulawesi after the violence in the spring, and they were identified as a neutral and

reputable source of news particularly since their staff included both Muslims and Christians. They were operating in such a limited capacity that OTI decided to purchase a transmitter, split air-conditioner, computer, and other essential pieces of equipment for them to help them do more reporting. Radio SRJ was also identified as a respected source of unbiased news that needed assistance, particularly in the area of field equipment for conducting interviews. They were provided with a field recording kit (a marantz field tape recorder, field microphone, headphones, and cable). A third station, Radio Montini was chosen to be more actively involved in helping spread the message of peace throughout the community. They are to conduct radio talk shows each week over three months with topics to include: co-existing peacefully and the role of women and youth in creating peace and preventing conflict. In addition, working in coordination with two other OTI/DAI grantees, Radio Montini will organize a mass media peace campaign through the distribution of t-shirts, posters, etc., as well as a peace fair to be held near the end of the year during the Christian and Muslim holidays.

The other two organizations working with Radio Montini on conflict prevention and peace messages in Central and North Sulawesi are Yayasan Serat and Dian Sulawesi. Yayasan Serat began a pilot program on conflict prevention with an inter-religious empowerment workshop that involved grassroots religious leaders and a government-appointed religious board. They plan to train local religious leaders in developing an early warning system to help forecast the state of conflict in their communities. In addition, Yayasan Serat will work on public advocacy to address the need for social policy coordination and cooperation between local governments. This will include dialogues with prominent figures such as police, DPRD members and other government officials to discuss the best approaches on conflict prevention and how to handle the situation of the internally-displaced persons (IDPs) in North and Central Sulawesi. In addition they will host theater performances designed to promote peace and non-violence in areas prone to conflict. Dian Sulawesi is concentrating on helping to prevent the outbreak of conflict in North Sulawesi. They will hold a media campaign to disseminate the ideas of pluralism and peace in their region, as well as non-violent approaches to conflict prevention, pluralism, and peace. This campaign will consist of stickers, posters, and public service announcements for newspapers and radio. They will also host Inter-Active Dialogues on similar subjects.

Three other organizations are working on OTI activities in Sulawesi that commenced this quarter. The PEKA Foundation is organizing painting, story telling and poetry workshops in North Sulawesi for children between the ages of 8 and 12. The hope is that these workshops will serve not only as emotional therapy for the children of IDPs, but also to facilitate positive interactions between these children and the children of the local community. It is expected that the parents from both the IDPs and local community will interact and conduct amicable social relations at the workshops, thus opening means of communication that can counteract the distrust that exists between the two groups. Some of the paintings will be on exhibit and sold in the local fair on Peace and Pluralism mentioned above. Another grantee, CSPS conducted two workshops on Peace Building and Conflict Prevention in Palu (Central Sulawesi) and Manado (North Sulawesi) in late September. The workshops addressed some of the following topics: understanding the

nature of conflict, building strategies for peace building and peace making, and designing activities which could reduce the possibilities of more violence. In addition, the workshop focused on community-based approaches to conflict prevention and mitigation, and different ways to deal with conflict, such as negotiation, mediation, and reconciliation. Participants were expected to sign an agreement that they would make a commitment to construct and maintain peace in their respective regions. In addition to the above-mentioned activities, AJI Manado, the Association of Independent Journalists, received financial support from OTI. OTI paid for three of its members to attend a Peace Journalism Training Workshop held in Palu which was organized by the British Council. The training focused on how to conduct reporting in conflict areas and the code of conduct and challenges for journalists working in conflict.

National-Level Activities

At the national level, the Jakarta office worked with several high-level organizations on critical current issues for Indonesia. The first such activity was a Dialogue on Interethnic/Interfaith Conflict Resolution, sponsored by the Indonesian National Youth Council. This dialogue brought together religious leaders and their youth groups from across the country to design alternative approaches to the current conflicts in their specific regions. One of the goals of the dialogue was to set a foundation for an integrated grass-roots approach on how to advocate and implement non-violent alternatives to conflict and to socialize nation-wide recommendations for conflict prevention and mitigation. Both the approaches and recommendations were based on an intensive, active involvement and collaboration between religious leaders and youth-based organizations. It is expected that a positive outcome of the dialogue will spread widely to religious leaders, scientists, and experts, reaching people living in high conflict areas such as Aceh, Maluku, Papua, North and Central Sulawesi, Riau and others. Over 180 participants from those areas attended this activity.

Another national level activity supported by the Jakarta office this quarter was an international conference sponsored by BICC, the Bonn International Center for Conversion, on the subject of “Soldiers in Business - the Military as an Economic Actor”. The agenda consists of two parts - the first part is to bring together international experts in three areas: civil-military relations, military budget transparency, and military business. The second part is open to Indonesian civil society with the objective of analyzing the situation in Indonesia concerning the military and its involvement in business. The conference aims at providing opportunities for information, communication, and discussion among researchers, politicians, NGOs, and the media on the three key components of the workshop outlined above with an emphasis on the economic role of the armed forces. It will also discuss strategies for working towards greater transparency in military expenditures, defense budgeting, and the reallocation of financial resources to civilian use.

One extremely sensitive grant approved this quarter is with an organization called ELSAM, the Public Advocacy and Study Institute, which has organized a series of round

table discussions concerning the Indonesian Truth and Reconciliation Commission. The draft law for this commission is still in the planning process within the Indonesian government, and the grantee believes that the law as it is currently drafted contains elements that are not relevant to the establishment of a Truth and Reconciliation Commission. As a result, ELSAM is working together with the Ministry for Human Rights (MenegHAM) to fill the gap between what is currently in the draft law and what they feel would be the most appropriate mandate for the Commission. They plan to conduct a series of discussions primarily aimed at refining the Draft Law. Prominent people who are concerned about and competent in various aspects of human rights will attend these roundtable discussions. The grantee plans to disseminate results of the discussions through the mass media in order to increase the public discourse and public awareness of the importance of the Truth and Reconciliation Commission. ELSAM also plans to prepare an alternative Draft Law for the Truth and Reconciliation Committee to be submitted to the government.

In addition to the aforementioned national level initiatives, OTI/DAI approved two other high-level and crucial activities this quarter. One set of activities is with a grantee that we have worked with before, Yasppuk. Yasppuk is a collection of non-governmental organizations from all across Indonesia, and they are implementing a grassroots women's advocacy program through a series of activities. The first activity is a three-day workshop and training of trainers for 22 facilitators to learn about advocacy skills. This will be followed by local trainings at the district level in 22 districts, with the goal to reach 550 women. In the trainings, women will learn about advocacy skills, and subsequently they will have an opportunity to meet and have dialogue with both executive and legislative decision-makers in their respective regions. These meetings will be designed to include topics such as the results of the training, issues relevant to women in small businesses, government policies that may be detrimental to women, micro-credit and loan schemes for women-owned enterprises, and the possibility of setting up a system where women can regularly meet with parliament members.

The other grantee is actually a division of the Indonesian government, the Attorney General's Office, which is working on a research activity in conjunction with a well-respected Indonesian law firm. The Attorney General's office is coordinating the government of Indonesia's (GOI) efforts to implement a program on cross border asset recovery of illegally acquired wealth by Indonesian nationals. The GOI is trying to recover substantial domestic debts owed by individuals and conglomerates whose businesses have failed during the crisis. Most of these debts are held by the Indonesian Bank Restructuring Agency (IBRA) through non-performing loans and failed banks. The recovery and disposal of these assets would greatly help to reduce the country's domestic debt burden. In order to address these issues, the Attorney General's office is bringing four senior officials from the Philippines who have experience in cross border asset recovery programs to meet with GOI officials responsible for Indonesia's asset recovery. The meetings aim to improve the understanding of concerned GOI officials on how they may emulate or avoid some of the problems that the Philippines had encountered in their respective program.

B. Medan Grant Activities

The Medan regional office maintained approximately the same pace in grant production and value as the previous quarter (refer Appendices III and IV). But grant disbursements again increased considerably, and at \$239,257 was over \$60,000 more than the previous quarter (refer Appendix V). This caused the total grant disbursement of \$1,486,127 to rise to a level of 69% of total grants approved.

During the third quarter of 2000 OTI/DAI-Medan again focussed its activities in two distinct areas. Staff continued to develop and implement good governance grants in all of the Sumatran provinces except Aceh. Secondly in Aceh itself, between the lifting of a month long restriction on program activity imposed by the US Ambassador and the resurgence of province-wide violence following the temporary extension of the Humanitarian Pause, OTI staff worked to develop a community based humanitarian assistance program in the district of North Aceh.

In addition OTI/DAI-Medan and Banda Aceh staff hosted three important delegations during the quarter. Visitors included two congressional staff delegations (Robin Cleveland of the Senate Ways and Means Committee and Matthew Reynolds of the House International Relations Committee) and Diana Ohlbaum, Deputy Director of OTI Washington.

New Sumatra Grants

By the end of the quarter parliament strengthening programs were either underway or completed in all of the Sumatran Provinces except Aceh and village leader training programs in all but one. In most cases grant budgets in each of these program areas included line items for visiting observers and independent evaluators to give groups from as far afield as West Timor the opportunity to see in practice the same activities that they were hoping to implement in their home areas, as well as keep a check on the quality of the work being done. At the end of the quarter, OTI/DAI Medan staff were putting the finishing touches on a grant to YAMKI (an organization which had done the first village leader training program) to produce a booklet/audio tape combination which would offer the lessons of the program to the vast majority of local leaders who, due to their numbers, had not been able to attend. This grant will also include a mechanism to involve all of the other village leader grantees in the discussions and decisions on the book's form and content to ensure that the product is as responsive to the needs of the village leaders as possible.

A most satisfying moment for OTI/DAI Medan came in July when the head of the district Level Parliament in Metro (a city of approximately 300,000 in Lampung Province) commented that they were so pleased with the training program for their MPs funded by OTI and implemented by PUSSEBIK (an NGO based in the provincial capital, Bandar

Lampung), that they decided to plan for on-going technical training in 2001 and fund it themselves.

After a series of unforeseen delays, the political tabloid Otonomi (aka Parliament Watch), that a consortium of NGOs and Waspada (the largest daily newspaper in Medan) were trying to make commercially viable with OTI support, finally went to press in early September. During the next quarter the tabloid will transition from a free insert in Waspada to a “for sale” weekly edition and OTI subsidies will decrease to zero.

In late August several more bombs exploded near Christian churches in Medan giving added impetus to discussions between OTI/DAI Medan and the Joint Forum for Medan People about how to continue the inter-faith dialogue begun after the first bombings in May. In mid-September the group held a second longer meeting that brought together grass roots leaders and national level conflict resolution experts. They made a concerted effort to map the actual and potential inter-group conflicts in the city, and to consider the types of coordinated actions that the participant groups could undertake, either individually or jointly, to reduce the possibility that further provocations could result in a general explosion of violence. In the coming weeks, Medan staff will look closely at the results of these discussions to see how OTI can support specific activities to improve inter-religious dialogue in the city.

Aceh

When US Ambassador Gelbard lifted restrictions on USAID activity in Aceh in mid-August OTI/DAI Medan and Banda Aceh staff quickly undertook a process to develop a community based humanitarian assistance program. Discussions were held with the Joint Committee for Humanitarian Action, the Governor's Humanitarian Pause Task Force, provincial and district level technical officials and a variety of civil society representatives. These discussions led to agreement on four areas of possible OTI program focus. These included rebuilding houses destroyed or damaged during the conflict, supporting the school system to get up and running again, rural road and bridge maintenance and drilling artesian wells in areas without a potable water supply. The discussions also resulted in a decision to focus efforts in the districts along the northeast coast beginning with North Aceh. OTI staff then made a series of trips to Lhokseumawe, the district capital, which resulted in the identification of seven potential partner organizations and an agreement to create a local steering committee that would include representatives from each of the organizations, as well as from local government and the Free Aceh Movement.

Work also continued on the development of two grants to increase the Joint Committees' and Monitoring Teams' capacity to disseminate information to the public about their activities and also those of other actors operating within the Pause framework. The first of these, to provide communications training to members and spokespersons, was approved and implemented in mid-September. The second, for an NGO to assist in the drafting and publication of messages, has yet to be finalized due to disagreement about the

definition of roles and responsibilities and the level of independence that the NGO would have.

In the meantime it was announced on Saturday September 02 that the Humanitarian Pause for Aceh was extended for one month. Both sides wanted further talks on several difficult and delicate questions, such as the amount of political activity undertaken by GAM during the cease-fire and how the humanitarian nature of the pause could be transformed into an actual political dialogue, prior to agreeing to a longer-term extension. OTI support to the Committees and Monitoring Teams implementing the Humanitarian Pause ran out just prior to its extension but sufficient funds remained to cover their September needs, and a one month no cost extension of the grant was approved.

During the weekend prior to the pause extension two incidents involving the Mobile Police Brigade (BRIMOB) in the district of South Aceh provided a stark reminder of the fragility of the cease fire accord and the dangers facing those working to improve the security or humanitarian conditions in the province. Both incidents were reportedly related to a non-fatal shooting of a BRIMOB officer. In one case three local staff members of Oxfam UK were arrested, severely beaten and only released after the intervention of a representative of the Humanitarian Pause Security Committee. In the other, a larger group of Security Committee members accompanied by an expatriate staff member of the Henry Dunant Center, who were attempting to negotiate the return of several thousand internally displaced persons, found themselves in the IDP camp surrounded by BRIMOB forces who fired weapons into the air for over three hours.

These events were only an indication of what was to come. September proved to be more violent than even the worst months prior to the start of the Pause in June. A series of bombings, firefights, abductions and high profile murders rocked the province, as well as Banda Aceh, the provincial capital. OTI/DAI Medan and Banda Aceh carefully monitored the deteriorating security situation and decided during the second week in September to suspend all community program development activities in Lhokseumawe. Shortly thereafter the US Regional Security Officer decided to require that all official travel to Aceh be approved on a case by case basis and at this writing no trips have yet been authorized.

While Aceh boiled, the Humanitarian Pause Joint Forum did hold extension discussions in Geneva in late September. The discussions resulted in agreement to continue the cease-fire to January 15, 2000, to expand and decentralize both the Security Monitoring Team and the Humanitarian Committee at the district level and to begin to consider how to transform the Pause into substantive political discussions. OTI/DAI Medan and Banda Aceh quickly developed a new grant for support to the Committees and Monitoring Teams and this was approved just at the end of the reporting period.

At this point, given the security situation, it is unclear how OTI/DAI Medan and Banda Aceh can be supportive of the Humanitarian Pause over the coming months. However staff continue to discuss and coordinate among themselves, as well as with US Embassy

officials, representatives of the Henry Dunant Center, the Joint Committees and partner organizations and will continue to adapt to the evolving situation on the ground.

C. Surabaya Grant Activities

The performance of the Surabaya regional office was much the same as the previous quarter's performance. However, the total grant disbursement of \$1,432,832, at 72% of total grants approved (refer Appendices IV and V), was even higher than the previous quarter's percentage.

Systems, Procedures and Miscellaneous –SWIFT-Surabaya continued to enjoy excellent relations with the US Consulate staff. Regular briefings with consular staff are now conducted once per week or more, depending upon the situations in our mutual coverage provinces. The US Consul General travelled with the Regional Program Manager to Maluku early in the quarter, during which time they met with a number of stakeholders in the conflict zone. In addition, SWIFT-Surabaya and the US Consulate worked together in raising the profile of the Poso conflict with USAID and the US Embassy in Jakarta. The result was a new set of grants designed to respond to immediate needs in the region.

SUMMARY OF PROGRAM DEVELOPMENT AND IMPLEMENTATION

Program Development – During this quarter, the focus on the conflict zones of eastern Indonesia was continued and sharpened. The following is a synopsis of programmatic highlights by region and sector.

Maluku

The situation in Maluku during the past quarter was one of marked contrasts. Renewed violence in June gave way to the announcement of a civil emergency, followed by the evacuation of staff from international relief organizations in July. The month of August saw a period of calm as the violence subsided and the humanitarian workers returned, signaling the end of the fourth phase of violence. Humanitarian assistance resumed and efforts undertaken by the government and the police to return a sense of normalcy to peoples' lives began to build trust within the polarized communities, if not yet between them. Then in late September, the calm was broken once again with attacks to several villages on the islands of Saparua and Ambon, as well as in Ambon city.

The sustained civil emergency designation and the inability to ensure the safety of program and grantee staff in traveling to the region have made programming difficult. In addition, all outsiders, except international humanitarian relief organizations, have been barred by the Indonesian government from travel to Maluku; those wishing to go must obtain special permission.

Under these conditions, SWIFT-Surabaya was able to fund only three grants for the region, two of them outside the province. The first was the re-establishment of an office for LPPM, a strategic OTI contact and USAID partner in the region, whose former office and equipment were completely destroyed in July during the fourth phase of fighting. The in-kind procurement of the organization's needs from Surabaya meant that we were able to give immediate support without sending staff to the troubled region. At the end of the month, the grantee was completely resettled into new quarters with the needed equipment and was continuing with their broader programmatic mandate.

The second and third grants were given to the Joint Committee on Conflict Resolution in Maluku, an ad hoc grouping of Christian and Muslim organizations from Maluku. The second grant covered the travel and accommodation costs for Joint Committee members to travel to Jakarta to plan a follow-on workshop funded under the third grant. This workshop will represent the third time the Joint Committee has assembled to craft a strategic, integrated and relevant plan for restoring peace to Maluku.

Meanwhile, we continue to remain engaged with potential grantee partners in the region in the hopes that our partners will be able to mobilize activities quickly once calm is more sustainably restored.

Papua

There remained a serious power vacuum at the provincial level during the third quarter with the gubernatorial position still vacant. Over eighty people declared themselves as candidates for governor, including a number of independence leaders and prominent legislators. This field was reduced to 30+, then 18 and finally 12 using a mechanism that was marginally transparent.

The Surabaya office continued to work with a consortium of Papuan NGOs headed by YPLHC in raising public awareness of the gubernatorial selection. The activity was a series of interactive dialogues regarding the mechanism and criteria for selection of the new governor, as well as debate over the number of vice governors to be selected. This activity represents a follow-up to the grantee's earlier broadcast public debates and dialogues on the same subject and a poll of the public's opinion concerning this issue. Extensive television and radio coverage ensured that a wide audience was reached. The grantee planned to continue this activity up until the selection of the governor in early October.

The other issue area on which SWIFT-Surabaya focused during the past quarter was human rights. The Surabaya office coordinated with The Asia Foundation (TAF) to add value to training efforts for community-based advocacy organizations. Three such training programs covering different geographic areas were either newly funded or in implementation during the third quarter. Each of these training programs contained a field component that compiles results of actual human rights investigations. This information

was/will be then passed along to ELS-HAM, a regional human rights advocacy organization funded by TAF, for processing and follow-up with the authorities. Finally, a new grant was signed with the Papua branch of the National Commission on Missing Persons for training local groups in investigation techniques and facilitating the establishment of associations of victims' families to press the authorities to follow up their relatives' cases.

Future endeavors under development in Papua include working with the so-called success teams for shortlisted gubernatorial candidates in order to prevent outbreaks of violence over the selection of the new governor. In addition, OTI hopes to coordinate with TAF and the National Commission on Human Rights in helping to establish an independent human rights commission in Papua, as well as continue community-based human rights training programs in different geographic regions.

East Nusa Tenggara (including West Timor)

While the mood in East Nusa Tenggara province was hopeful in July, conditions deteriorated considerably during the months of August and September, particularly in West Timor. Grantee partners and other local contacts in West Timor told of harassment and terrorization by members of militias and the Indonesian intelligence apparatus. Ordinary citizens reported escalating harassment and attacks on personal property by the Indonesian military for no apparent reason. Meanwhile, tension between local residents and East Timorese refugees remained high as both groups continued to compete for scarce resources in the nation's poorest province. The climax of this reign of terror was the murder of 3 UNHCR workers and at least 11 local residents in Atambua during the month of September. The decision was taken shortly thereafter to suspend all program activities in West Timor, given the security situation and the inability to implement the relevant grants in kind. However, activities continued in other parts of the province.

In the earlier part of the quarter, activities were focused on two broad issues in East Nusa Tenggara/West Timor – conflict prevention and good governance. The activities surrounding the first above-referenced issue involved 1.) training in conflict prevention for community leaders and 2.) traveling conflict prevention road shows (interactive radio dialogues broadcast from various communities around the region) that include the ex-trainees and other prominent citizens. The grantees working with OTI on these activities represent the Protestant and Catholic communities, the former the major religion in the province and the latter the predominant religion among the East Timorese refugees.

Good governance activities carried out during the quarter added value to activities undertaken earlier in the year. The highly successful legislative strengthening and village leaders training programs were expanded to include East Nusa Tenggara. Three of these efforts were underway during the quarter with interest growing from other areas of the province. As a counterweight to legislative strengthening/village leaders training, grants that support the development citizens' forums in the major urban areas of the province were also funded. Both the legislative strengthening/village leaders training and the

citizens' forums used materials and modules from those funded in other parts of the country by the program. These were then customized for the needs of the relevant districts.

Response to activities has been robust. Attendance at the conflict prevention road shows was very heavy, especially in areas further to the east in West Timor, and the public was very open in giving feedback. This feedback will be used in a follow-up activity assessing the possibilities for an integrated media campaign for conflict prevention in East Nusa Tenggara. Unfortunately, that activity is on hold pending a return to stability in West Timor.

Good governance activities also demonstrated high impact. The provincial level parliament, which had previously indicated no interest in legislative strengthening programs, saw the value of what the district level parliaments were receiving and are interested in having a similar program. In addition, the inter-parliamentary networks built by grantees in parliamentary strengthening have given rise to requests from other district parliaments for similar training programs.

Good Governance

In other parts of the eastern half of Indonesia, the SWIFT-Surabaya office continued to fund legislative strengthening and citizens' forums in an effort to institutionalize a culture of improving professionalism and constituent action and dialogue with elected representatives. New programs were funded at the district level in West Nusa Tenggara, as well as follow-on programs for Central Java. In addition, although funding for citizens' forums in East Java and Central Java came to an end during the quarter, the forums appeared to be sustaining themselves. In addition, new citizens' forum activities were launched in West Nusa Tenggara.

Program Implementation

At the end of the quarter, over 30 grants were in implementation and another 3 were on hold due to the security situation in West Timor. SWIFT-Surabaya implementation staff has managed to maximize capacity to accommodate this workload. As mentioned above, all program implementation will be transferred to the Jakarta office. The handover of grants implementation will begin on November 15 and will carry on through the end of the year.

D. East Timor Grant Activities

The extension of the TEP project helped make the production of grants in East Timor soar once again, with 38 MOUs being produced in the quarter compared to 16 the previous quarter. The value of these grants almost doubled as compared to the previous quarter

also. Appendix V shows, however, that disbursements declined slightly during the quarter, but at \$2,368,591, were still very high.

The Transitional Employment Program (TEP) again was the dominant activity of the East Timor program, even though the activities ceased on August 31. In this program, 55 grants to different UNTAET entities in the 13 districts in the country received hand tools, construction material and wages for temporary workers. Men and women participated in the program to rehabilitate schools, markets, roads, irrigation systems, rice paddies recreational facilities and homes. Most of the districts have closed out all of their material and salary grants by the end of the quarter. The total obligated funds for the TEP program was \$3,981,864, of which \$3,665,213 had been disbursed by the end of the quarter. \$1.42 million of these funds were disbursed during the quarter.

Preparations for a similar program, called TEPS II, were made throughout September. This included the selection of five districts as TEPS II pilot districts. These districts have made six proposals from each of the pilot districts, and these are being reviewed to make sure that they satisfy the criteria for community involvement, materials, salary payments, etc. Preparations were also made on the supply side, with the identification of a Chief Procurement Specialist to be hired and based in Surabaya, Indonesia during the next quarter.

Additionally, eight grants in the Civil Society sector worth a total of \$117,200 were signed and implemented during the quarter. The Governance sector produced five grants worth \$376,100 during the period. The highlight of these grants was the launching of civic education initiatives, stemming out of a roundtable organized by USAID, in an attempt to get the various NGOs interested in civic education to cooperate more effectively. These groups have since formed an ad-hoc civic education coalition "The National Commission for Civic Education" and are working with the FONGTIL (NGO Forum) working committee on civic education. Joining together helps consolidate materials development, training efforts and better positions the local groups to participate in the UNTAET national framework for civic education as a more equal partner.

Nine media support grants, totaling approximately \$284,000, were produced and are being implemented during the quarter. Three of these were to the Print Consortium, to repair all the destroyed newspaper printing machines and building. This is the only printing press facility in the country, and its repair will allow all the East Timor papers to publish their papers in one central place. Another grant will provide technical services to the Print Consortium to help them develop accounting, inventory, supply tracking and other basic office systems.